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CABLE FACTS

Prepared by the Research Department
Television Bureau of Advertising, Inc.
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Cable Facts

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Cable Operating Systems and Subscribers

Cable TV started back in 1948. By 1952 the first estimates of the number of systems and subscribers were published by Television Digest. Their estimates through the years have shown a slow but steady growth. Currently there are many estimates available. Unfortunately they can vary a great deal as shown in the table on page 3.

	<u>Operating Systems</u>	<u>Total Subscribers</u>	<u>% of TV Households</u>
1950			
1951			
1952	70	14,000	0.1
1953	150	30,000	0.1
1954	300	65,000	0.3
1955	400	150,000	0.5
1956	450	300,000	0.9
1957	500	350,000	0.9
1958	525	450,000	1.1
1959	560	550,000	1.3
1960	640	650,000	1.5
1961	700	725,000	1.5
1962	800	850,000	1.7
1963	1,000	950,000	1.9
1964	1,200	1,085,000	2.1
1965	1,325	1,275,000	2.4
1966	1,570	1,575,000	2.9
1967	1,770	2,100,000	3.8
1968	2,000	2,800,000	4.9
1969	2,260	3,600,000	6.2
1970	2,490	4,500,000	7.6
1971	2,639	5,300,000	8.7
1972	2,841	6,000,000	9.6
1973	2,991	7,300,000	11.1
1974	3,158	8,700,000	13.0
1975	3,506	9,800,000	14.3
1976	3,681	10,800,000	15.3
1977	3,832	11,900,000	16.5
1978	3,875	13,000,000	17.6
1979	4,150	14,100,000	19.1
1980	4,225	16,000,000	21.0
1981	4,375	18,300,000	22.9
1982	4,825	21,000,000	25.8
1983	5,600	25,000,000	30.0
1984	6,500	30,500,000	36.4

Source: Television Digest, January 1 each year

Cable TV Penetration Estimates

One of the major problems in making projections for cable is the lack of agreement on where cable is today. The estimates of cable penetration range from Television Digest's 36.4% to Nielsen's NTI sample of 46.3% a spread of 10 points.

Television Digest	1/84	36.4%
Arbitron	5/84	40.0%
Cable Vision (Titsch Comm.)	3/84	36.7%
Paul Kagan Associates	1/84	38.0%
Media Science Newsletter	1/84	38.4%

A.C. Nielsen:

Nielsen Co.	5/84	42.5%
NTI sample	5/84	46.3%
NAC sample	5/84	44.9%

Pay Cable Subscribers

About 25% of all TV households have one or more pay cable services. Pay cable households represent 60.1% of all cable TV households. The rate of growth of pay-cable households has slowed considerably during 1983 and 1984.

	<u>Pay-Cable Households</u>	<u>% of TV HH</u>	<u>% of Cable HH</u>
1975	140,000	0.2	1.6
1976	470,000	0.7	4.7
1977	980,000	1.4	8.7
1978	1,600,000	2.2	12.8
1979	3,100,000	4.2	22.8
1980	5,200,000	6.8	34.2
1981	8,100,000	10.1	45.5
1982 - Jan	12,600,000	15.5	51.9
July	16,160,000	19.4	57.1
Nov	17,420,000	20.9	59.7
1983 - Feb	18,820,000	22.6	60.9
May	19,350,000	23.2	61.2
July	19,820,000	23.7	60.2
Nov	20,430,000	24.4	60.3
1984 - Feb	20,840,000	24.9	60.4
May	21,370,000	25.5	60.1

Source: A.C. Nielsen (NTI), 1982-84
 TvB estimates, 1975-81, Jan.
 each year, based on industry data

Cable Penetration by Country Size

Even today, cable penetration remains the heaviest in "B" and the more rural "C" and "D" counties. The "A" counties which are made up of the 25 largest markets in the U.S. have only one home in three wired for cable.

Note that while the Nielsen Local (NSI) and National (NTI) services agree on the level of penetration in "A" counties, then differ considerably in "B" counties and "C" & "D" counties.

	<u>Nov.</u> <u>'82</u>	<u>Feb.</u> <u>'83</u>	<u>May</u> <u>'83</u>	<u>Jul.</u> <u>'83</u>	<u>Nov.</u> <u>'83</u>	<u>Feb.</u> <u>'84</u>	<u>May</u> <u>'84</u>
"A" Counties	25%	27%	28%	29%	30%	32%	33%
"B" Counties	42%	44%	45%	46%	48%	48%	50%
"C" & "D" Counties	43%	45%	46%	47%	47%	47%	48%
Total U.S.	35%	37%	38%	39%	41%	41%	43%

Source: A.C. Nielsen (NSI)

	<u>Nov.</u> <u>'82</u>	<u>Feb.</u> <u>'83</u>	<u>May</u> <u>'83</u>	<u>Jul.</u> <u>'83</u>	<u>Nov.</u> <u>'83</u>	<u>Feb.</u> <u>'84</u>	<u>May</u> <u>'84</u>
"A" Counties	27%	27%	28%	30%	32%	33%	33%
"B" Counties	46%	47%	47%	48%	51%	54%	56%
"C" & "D" Counties	52%	54%	52%	54%	52%	53%	55%
Total U.S.	40%	41%	41%	42%	44%	45%	46%

Source: A.C. Nielsen (NTI)

Cable Penetration In The Top 20 Markets

The A.C. Nielsen Co. is currently estimating a 42.5% cable penetration nationwide. Only four of the top 20 markets surpass the mark while 4 are below 30%...1 of those is below 20%.

Arbitron, with a 40.0% national estimate, shows 4 of the top 20 above that figure while 7 are listed below 30%.

In almost every case the cable penetration in the Metro Area is lower than the total market.

	NSI (5/84)		Arbitron (5/84)	
	<u>DMA</u>	<u>METRO</u>	<u>ADI</u>	<u>METRO</u>
1. New York	32.9%	30.0%	32.1%	28.6%
2. Los Angeles	31.0	23.5	27.2	23.1
3. Chicago	22.9	21.3	20.0	18.4
4. Philadelphia	41.9	29.6	41.2	30.7
5. San Francisco	47.1	47.0	45.2	46.1
6. Boston	36.0	36.1	32.5	29.9
7. Detroit	28.6	29.4	24.2	23.9
8. Washington, D.C.	20.4	13.0	19.2	13.0
9. Dallas-Ft. Worth	35.9	32.6	30.6	28.0
10. Houston	42.8	41.3	38.1	38.5
11. Cleveland	42.1	38.4	39.3	32.8
12. Pittsburgh	58.8	64.1	56.3	58.0
13. Miami	39.6	43.6	39.4	30.2
14. Minneapolis-St. Paul	16.4	12.4	14.6	10.6
15. Seattle-Tacoma	49.3	45.6	45.2	43.4
16. Atlanta	37.6	36.7	35.8	33.4
17. Tampa-St. Petersburg	40.9	33.1	35.9	29.9
18. St. Louis	33.9	35.1	29.5	29.9
19. Denver	31.1	32.5	30.4	24.8
20. Sacramento-Stockton	31.4	15.9	29.8	15.5

Cable TV's Projected Growth

It is now estimated that the 50% level for cable will not be reached until 1989, two years later than the previous projections. The forecasted growth of pay cable has also been revised downward. Instead of the 40 million pay cable household by 1990 previously shown, the forecast now calls for only 30.9 million or 33% of all TV households.

Keep in mind that about 45% of the homes passed by cable do not become subscribers and that, every year, a percentage of subscribers disconnect. Also bear in mind that cable will face stiff competition from other forms of program delivery systems as we approach 1990.

	<u>Cable TV Households</u>	<u>% of TV HH's</u>	<u>Pay TV Households</u>	<u>% of TV HH's</u>
1980	16,023,000	21%	5,341,000	7%
1981	18,672,000	24%	7,780,000	10%
1982	22,596,000	28%	11,804,000	14%
1983	28,200,000	34%	15,898,000	19%
1984	30,300,000	36%	17,877,000	21%
1985	32,994,000	39%	19,764,000	23%
1986	36,120,000	42%	21,672,000	25%
1987	39,510,000	45%	24,101,000	27%
1988	41,971,000	47%	26,022,000	30%
1989	45,500,000	50%	28,665,000	32%
1990	48,256,000	52%	30,883,000	33%

Source: ICR, Cable Information
Service Division, Titsch
Communications
Jan 1st of each year

Cable & TV Ad Volume Projections

While cable ad volume is expected to grow at a fast rate during the 1980's, its size, relative to over-the-air TV ad volume, will remain small. It will represent less than 7% of the total by 1990. It should be noted that the cable ad volume figures for the next several years have been revised downward as current advertising activity on cable has fallen short of expectations.

-----In Millions-----

	<u>Cable Ad Volume</u>	<u>TV (Over Air) Ad Volume</u>	<u>Total TV & Cable Ad Volume</u>	<u>% Cable Ad Revenues of Total</u>
1980 \$	58	\$ 11,366	\$ 11,424	0.5%
1981	122	12,650	12,772	1.0
1982	227	14,329	14,556	1.6
1983	353	16,140	16,493	2.1
1984	514	18,800	19,314	2.7
1985	725	21,385	22,110	3.3
1986	995	24,320	25,315	3.9
1987	1,353	27,665	29,018	4.7
1988	1,778	31,475	33,253	5.3
1989	2,238	35,800	38,038	5.9
1990	2,765	40,730	43,495	6.4

Sources: Cable Ad Revenues
Paul Kagan Assoc., Inc.

TV Ad Volume - TvB projections
based on McCann-Erickson.

Cable Systems - A Profile

Most cable systems are small in size. About 75% of them have less than 5,000 subscribers. Only one percent have 50,000 or more. Many of the systems (35%) still have limited channel capacity...less than 13 channels, while the majority of them, 86%, still don't accept local advertising.

Cable Systems By Subscriber Size

	<u># Systems</u>	<u>% of Total Systems</u>	<u>% of Total Subscribers</u>
50,000+	72	1.1%	19.7%
20,000-49,999	271	4.2	27.5
10,000-19,999	412	6.5	19.3
5,000- 9,999	578	9.0	13.6
1,000- 4,999	2,016	31.5	15.9
Under 1,000	2,813	44.0	4.0
NA	238	3.7	-
TOTAL	6,400	100.0%	100.0%

Cable Systems By Channel Capacity

	<u># Systems</u>	<u>% of Total Systems</u>	<u>% of Total Subscribers</u>
54+	275	4.3%	6.3%
30-53	1,999	31.2	51.2
20-29	1,113	17.4	21.1
13-19	298	4.7	2.8
12 & Under	2,259	35.3	17.2
NA	456	7.1	1.4
TOTAL	6,400	100.0%	100.0%

Cable Systems Accepting Local Advertising

	<u># Systems</u>	<u>% of Total</u>
Local Advertising	918	14.3%
No Local Advertising	5,482	85.7
TOTAL	6,400	100.0%

Source: TV & Cable Factbook
March 1, 1984

Time Spent Viewing: On-Air vs. Cable
In The Average TV Household

After initial gains in 1980 and 1981, the increased viewing to cable originated programming (i.e. ESPN, CNN) and pay cable (i.e. HBO) has slowed in the average TV household. In fact, during the passed year and a half between 86% to 91% of all household viewing has been to over-the-air stations.

Avg. Time Spent per Household per Day

		<u>Cable</u> <u>Orig.</u> <u>Viewing</u>	<u>% Total</u> <u>Viewing</u>	<u>Pay</u> <u>Cable</u> <u>Viewing</u>	<u>% Total</u> <u>Viewing</u>	<u>Over-the-Air</u> <u>Television</u> <u>Viewing</u>	<u>% Total</u> <u>Viewing</u>	<u>Total</u> <u>Viewing*</u>
1979	Nov	:04	1	:03	1	6:42	98	6:42
1980	Feb	:03	1	:04	1	7:28	98	7:25
	May	:03	1	:06	1	6:06	98	6:07
	July	:04	1	:07	2	5:46	97	5:50
	Nov	:06	1	:07	2	7:00	97	7:05
1981	Feb	:04	1	:09	2	7:19	97	7:24
	May	:06	1	:10	3	6:09	96	6:17
	July	:06	1	:14	4	5:47	95	6:01
	Nov	:09	2	:13	3	6:53	95	7:06
1982	Jan	:10	2	:19	4	7:31	94	7:49
	Feb	:10	2	:24	4	7:00	94	7:21
	Mar	:12	3	:20	4	6:45	93	7:06
	Apr	:12	3	:22	5	6:32	92	6:56
	May	:10	3	:22	5	5:53	92	6:17
	June	:12	3	:23	6	5:46	91	6:13
	July	:12	3	:23	6	5:43	91	6:07
	Aug	:12	3	:23	6	5:48	91	6:14
	Sept	:12	3	:22	5	6:03	92	6:26
	Oct	:13	3	:22	5	6:19	92	6:43
	Nov	:14	3	:22	5	6:45	92	7:00
	Dec	:14	3	:23	5	6:58	92	7:13
1983	Jan	:17	4	:23	5	7:18	91	7:35
	Feb	:19	4	:24	5	7:11	91	7:31
	Mar	:20	4	:20	5	6:56	91	7:18
	Apr	:20	4	:22	5	6:58	91	7:19
	May	:20	5	:20	5	6:20	90	6:40
	June	:19	5	:24	6	5:57	89	6:23
	July	:20	5	:26	6	5:57	89	6:23
	Aug	:20	5	:26	6	5:56	89	6:22
	Sept	:22	5	:24	6	6:16	89	6:42
	Oct	:22	5	:23	5	6:36	90	6:59
	Nov	:24	5	:24	5	7:05	90	7:29
	Dec	:27	5	:23	5	7:13	90	7:39
1984	Jan	:29	6	:24	5	7:35	89	8:01
	Feb	:27	6	:24	5	7:09	89	7:38
	Mar	:29	6	:24	5	7:05	89	7:32
	Apr	:29	6	:24	6	6:42	88	7:15
	May	:29	6	:24	6	6:10	88	6:45
	June	:27	7	:26	6	6:00	87	6:33
	July	:29	7	:29	7	5:48	86	6:26

Source: A.C. Nielsen (WTI)

Cable TV - A Status Report.

* May be less than the sum of the parts because of simultaneous viewing.

Television Usage Per Week
By Cable Status of TV Households

Over-the-air stations still dominate the viewing hours, even in pay cable households, where in February 1984, 73% of the time spent viewing was to over-the-air stations.

Note that pay cable households view 7 to 13 hours more per week than their non-cable and basic cable counterparts. While greater channel selection may be a factor, the major reason for the increased viewing appears to be the larger family size and the greater incidence of non-adults in pay cable households.

	Non-Cable (59.6% of TVHH)		Basic Cable (16.0% of TVHH)		Pay Cable (24.4% of TVHH)		TV Households (100.0% TVHH)	
	Wkly Hrs.	Share	Wkly Hrs.	Share	Wkly Hrs.	Share	Wkly Hrs.	Share
Total*	48:44	100	55:08	100	62:02	100	53:25	100
Affiliates**	38:53	80	36:46	67	34:05	55	37:08	69
ABC	12:48	26	11:19	20	12:51	21	12:36	24
CBS	14:04	29	13:46	25	10:14	17	12:56	24
NBC	11:41	24	11:16	20	10:19	17	11:15	21
Indep. Com'l	9:54	20	12:07	22	13:26	22	11:15	21
Super Sta.	1:01	2	4:53	9	4:50	8	2:41	5
Local	8:22	17	4:04	7	5:40	9	6:53	13
Distant	:31	1	3:10	6	2:56	5	1:41	3
Public	1:49	4	1:49	3	1:35	2	1:41	3
Cable Orig.	-	-	5:58	11	7:52	13	3:12	6
Pay Service	-	-	-	-	9:55	16	2:51	5
	# per HH	Index	# per HH	Index	# per HH	Index	# per HH	Index
Persons	2.56	97	2.42	92	2.93	111	2.63	100
Non-Adults	.62	97	.51	80	.79	123	.64	100

*Sum of the parts exceed the total because of simultaneous viewing.

**Sum of the networks is less than the total because viewing to multi-affiliates is included in the total

Source: A.C. Nielsen (NTI)
Monthly Cable Status
Report, February '84

Advertiser Expenditures by Cable Network

WTBS, a licensed over-the-air commercial station which extends its coverage area by the use of satellite transmission, accounted for over half of the cable network advertising revenue as reported by BAR during 1983. During the first six months of 1984 WTBS accounted for 49.3% of the total.

<u>Network</u>	<u>1983</u>	<u>Share</u>
WTBS	\$117,267,500	50.6%
ESPN	49,197,900	21.3%
CNN	33,562,600	14.5%
USA	31,573,600	13.6%
TOTAL	\$231,601,600	100.0%

<u>Network</u>	<u>Jan-June 1984</u>	<u>Share</u>
WTBS	\$ 68,171,500	49.3%
ESPN	30,836,900	22.3
CNN	20,957,300	15.1
USA	18,430,400	13.3
TOTAL	\$138,396,100	100.0%

Source: BAR Cable TV Network
Service

Top 10 Cable Network Advertisers

The Top 10 Cable network advertisers, during 1983, invested 96.2% of their total television budget in over-the-air TV and only 3.8% on cable networks.

<u>Rank</u>	<u>Parent Company</u>	1983 <u>Estimated Expenditures in Millions</u>			
		<u>Cable</u>	<u>Network</u>	<u>Spot</u>	<u>Total</u>
1.	Anheuser-Busch Co., Inc.	\$15.8	\$ 116.7	\$ 60.2	\$192.7
2.	The Proctor & Gamble Co.	15.2	366.7	229.3	611.2
3.	General Foods Corp.	11.3	170.1	73.0	254.4
4.	General Mills, Inc.	10.3	100.3	113.0	223.6
5.	Bristol-Myers Co.	6.5	121.0	10.1	137.6
6.	Time, Inc.	5.5	5.0	31.3	41.8
7.	Toyota Motor Sales Co., Ltd.	5.2	22.9	42.5	70.6
8.	Ford Motor Co.	5.1	172.3	38.1	215.5
9.	General Motors Corp.	4.5	201.4	25.7	231.6
10.	American Home Products Corp.	4.4	161.4	31.9	197.7
	Top 10 Total	\$83.8	\$1,437.8	\$655.1	\$2,176.7
	% of Total	3.8%	66.1%	30.1%	100.0%

Source: BAR

Cable Networks Qualifying For Inclusion
In The Local Market Rating Reports

Starting in November 1981, Arbitron included in their local market rating reports any cable network that achieved a 20% net weekly household cume. Forty-Four markets qualified in May, 1984. Most of the markets, 30 in all, were in markets ranked 101+.

	# of Markets										
	Nov '81	Feb '82	May '82	July '82	Nov '82	Feb '83	May '83	July '83	Nov '83	Feb '84	May '84
Cable Networks:											
HBO	10	14	13	14	19	24	21	36	31	33	34
CNN	1	1	2	1	1	2	1	1	2	2	3
ESPN	0	0	0	1	0	1	0	1	0	0	0
CBN	0	0	0	2	1	4	6	4	12	15	8
SIN	0	0	0	1	1	1	1	1	1	1	1
USA	0	0	0	0	0	0	1	0	2	5	8
TMC	0	0	0	0	0	0	0	1	0	0	0
SHOW	0	0	0	0	0	0	0	0	1	1	1
None	201	197	197	197	191	183	186	171	170	165	165

May '84
-Avg. 1/4 Hr. HH Rating-
M-S 9 am - 12 mid

Rank	Markets	HBO	CNN	ESPN	CBN	SIN	USA	TMC	SHO
12	Pittsburgh	1	-	-	-	-	-	-	-
33	Buffalo	1	-	-	-	-	-	-	-
34	New Orleans	1	-	-	-	-	-	-	-
40	Oklahoma City	1	-	-	-	-	-	-	-
45	San Antonio	2	-	-	-	-	-	1	-
47	Norfolk-Portsmouth	1	-	-	-	-	-	-	-
55	Tulsa	1	-	-	-	-	-	-	-
64	Jacksonville	1	-	-	-	-	-	-	-
70	Rochester, NY	1	-	-	-	-	-	-	-
82	Austin, TX	1	-	-	-	-	-	-	-
83	Youngstown	1	-	-	-	-	-	-	-
91	Baton Rouge	-	-	-	-	-	1	-	-
96	Springfield, MA	1	-	-	-	-	-	-	-
100	Peoria	1	-	-	-	-	-	-	-
107	Savannah	1	-	-	-	-	-	-	-
112	Ft. Myers-Naples	-	1	-	-	-	-	-	-
114	Monroe-El Dorado	-	-	-	1	-	-	-	-
115	Amarillo	1	-	-	1	-	-	-	-
116	Santa Barbara-Santa Mar.	1	-	-	-	-	-	-	-
120	McAllen-Brownsville	2	-	-	-	-	-	-	-
124	Reno	1	-	-	-	-	-	-	-
125	Corpus Christi	1	-	-	-	-	-	-	-
134	Binghamton	1	-	-	-	-	-	-	-
143	Bluefield-Beckley	-	-	-	1	-	-	-	-
144	Odessa-Midland	1	-	-	1	-	-	-	-
146	Erie	1	-	-	-	-	-	-	-
169	Billings-Hardin	-	-	-	-	-	1	-	-
170	Gainesville	-	0	-	-	-	-	-	-
174	Greenwood-Greenville	-	-	-	1	-	-	-	-
175	Panama City	2	-	-	-	-	-	-	-
177	El Centro-Yuma	2	-	-	-	-	-	-	-
179	Biloxi-Gulfport	2	-	-	-	-	-	-	-
180	Casper Riverton	2	-	-	-	-	-	-	-
181	Eureka	1	-	-	-	-	1	-	-
182	Roswell	1	-	-	-	-	-	-	-
189	Cheyenne	1	-	-	-	-	-	-	-
192	Anniston	1	-	-	-	-	-	-	-
194	Parkersburg	-	-	-	1	-	0	-	-
195	San Angelo	3	1	-	1	-	1	-	-
198	Laredo	4	-	-	-	4	-	-	-
202	Victoria	2	-	-	-	-	-	-	-
205	Helena	-	-	-	-	-	1	-	-
206	Selma	2	-	-	1	-	-	-	-
209	Glendive	-	-	-	-	-	1	-	-

Source: Arbitron

Local Cable Channels
Qualifying For Inclusion In The Local Market Rating Reports

The Nielsen Company is currently testing for local cable channel inclusion. To be reported, a local cable channel must achieve a 0.5 average ¼-hour rating in at least two dayparts. To date, no channel has qualified.

The Arbitron Ratings Company tested for local cable channel inclusion for the first time in May 1982. To be reported, a local cable channel must achieve a 3% net weekly circulation. Only one local cable channel has qualified to date, Tulsa Cable TV. It should be noted, however, that if a "local cable channel" uses any programming from any national cable program service (i.e. CNN, ESPN), it is not considered by Arbitron for inclusion.

of Markets with Local Cable Reported

		<u>A.C. Nielsen</u>		<u>Arbitron</u>	
		<u>Any</u>	<u>None</u>	<u>Any</u>	<u>None</u>
1981	Nov.	0	205	-	-
1982	Feb.	0	205	-	-
	May	0	205	1	210
	July	0	205	0	211
	Nov.	0	205	0	210
1983	Feb.	0	205	1	209
	May	0	205	1	209
	July	0	205	1	209
	Nov.	0	205	1	208
1984	Feb.	0	205	1	208
	May	0	205	1	208

Mergers and Suspensions in Cable TV

Two years ago every publication in the country seemed to carry a story on the enormous growth potential of cable TV. Today the headlines and stories reflect a more realistic view of cable...and some, more than a dozen listed below, chronicle the failures and attempts to stave off failure.

- Sept 13, 1982 CBS Cable, a cultural service run by CBS Inc., shut down after \$30 million in losses.
- March 31, 1983 The Entertainment Channel, a quality entertainment cable service backed by the RCA Corporation and Rockefeller family funds, closed with \$34 million in losses after nine months in operation.
- June 14, 1983 Cable Health Network, a 24 hour health and science channel, merged with Daytime, a four hour a day channel concerned with self help and family topics. (See update Feb. 1, 1984)
- Sept. 7, 1983 Showtime and The Movie Channel, the second and fourth largest subscription television networks merged.
- Sept. 25, 1983 TV-Cable Week, the ambitious television listing venture of Time Inc., ceased publication after only five months, incurring \$47 million in losses.
- Sept. 30, 1983 TeleFrance USA, the 26 hours per week of bilingual culture fare feed over the Satellite Program Network said "Au revoir", when the service signed off Sept. 30th, due to financial difficulties.
- Oct. 27, 1983 The Satellite News Channel, the 24-hour headline service co-owned by ABC and Westinghouse was shut down after little more than a year in operation and an estimated loss of more than \$40 million after Ted Turner the Atlanta-based cable entrepreneur bought them out.

more....

Mergers and Suspension continued

- Dec. 31, 1983 Time Inc.'s subsidiary Video Development and Information Services after nearly two years of development and testing of its cable-based teletext project closed down because it was felt that the present economics do not warrant launching a commercial teletext service now or in the near future.
- Jan. 13, 1984 The Electronic Home Services, a division of Warner Amex that was exploring the use of cable/telco technology for an enhanced videotex service, was folded by the parent company.
- Jan. 17, 1984 The Qube Network, a nightly satellite feed of interactive programming to six Qube Systems, was suspended by Warner Amex because it was too costly and of too little interest to viewers.
- Jan. 19, 1984 Season Ticket, a regional pay vehicle for Atlantic Coast conference college basketball games, was terminated after only nine cablecasts. The joint venture of ESPN and Raycom was plagued by a rash of court cases and legal decisions in North Carolina.
- Feb. 1, 1984 After a long delay (see 6/14/83) Hearst/ABC's Daytime and Viacom's Cable Health Network merged into the new 24-hour Lifetime Cable Network.
- Feb. 1, 1984 Spotlight, an around-the-clock pay cable movie service managed by Time Mirror Satellite Programming since May, 1981 folded. Spotlight's assets will be acquired by Showtime/The Movie Channel.
- Feb. 1, 1984 The defunct Entertainment channel (see 3/31/83) joins ARTS to become an advertiser and cable system-supported service to be known as the ARTS & Entertainment Network or the A&E Network for short.
- Apr. 30, 1984 Texaco Inc. reached an agreement to sell its controlling stake in the Entertainment and Sports Programming Network, the country's biggest cable television service in number of subscribers, to the American Broadcasting Companies. ESPN has lost about \$100 million since its inception and has yet to turn a profit.

Mergers and Suspension continued

- Jun 28, 1984 Direct Broadcast Satellite (DBS) plans have been abandoned by the CBS Broadcast Group after six months of investigation into the DBS marketplace. Timing and financial risks were sighted as the reasons for not entering at this time.
- Jun 30, 1984 Telefirst, an experiment by ABC Video Enterprises involving in-home recording of entertainment programming, shut down after five months of tests in the Chicago area because of lack of consumer support.
- Aug 22, 1984 "Another Life" a cable soap opera which premiered in June 1981 on CBN has been cancelled because of low ratings and a shortage of advertising revenues.

Coverage Factors of the Major Cable Networks

Most of the major cable networks showed a two to three point growth in percent of coverage during the last 3 months. The exceptions were ARTS, which gained only a point, and more significantly the two largest pay cable services, HBO which gained a point and Showtime, which remained at the same level. Both HBO and Showtime have shown very little growth during the last 12 months with the very active VCR/Home Movie Rental market the probable reason for the lack of growth.

	% Coverage												
	1983						1984						
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July
CBN	22	23	23	24	25	25	25	26	26	26	28	29	29
CNN	24	25	26	27	29	30	30	30	31	31	32	33	33
ESPN	32	33	34	34	34	35	35	36	36	36	38	39	39
*HBO	21	21	22	22	22	23	23	23	23	23	24	24	24
*Showtime	8	8	9	9	9	9	8	9	9	9	9	9	9
USA	23	23	24	25	24	26	26	27	27	27	29	29	30
MTV	18	19	20	21	21	22	23	23	23	24	26	26	26
Nickelodeon	17	18	19	20	21	21	21	22	22	22	23	24	24
ARTS/Enter	16	17	18	18	19	19	19	19	18	18	19	19	19
Lifetime	12	13	14	15	15	16	16	18	18	18	20	21	21
TWC	-	-	-	-	-	-	13	13	13	13	14	15	15
CNN Headline	-	-	-	-	-	-	12	12	12	13'	14	14	15
TNN	-	-	-	-	-	-	-	16	16	17	18	19	20

* Pay Services

Source: A.C. Nielsen (NTI)

(-) = Not available

Prime Time Network Audience Trends During Cable's Growth Years

As cable penetration rose from 20 to 40% in the last 3 years, cable and Agency people predicted a rapid decline in the network's share of prime time audience. The declines have come but not anywhere near as steep as predicted, in fact the 1983 figures reflect a slowing of the declines.

While the networks lost one share point in 1983, the HUT levels were higher, so the percent of households delivered (AA%) remained the same...46.3%. Because of the growth in TV households the number of homes delivered by the networks actually increased over 1982, at a level almost as high as 1980. However, it appears that the decline in both average audience and share are continuing so far in 1984.

Prime Time : HUT's/3 Networks AA & Share

	1980			1981			1982			1983			1984		
	HUT	3 Net AA%	3 Net Share	HUT	3 Net AA%	3 Net Share	HUT	3 Net AA%	3 Net Share	HUT	3 Net AA%	3 Net Share	HUT	3 Net AA%	3 Net Share
Jan	64.6	58.4	90	65.1	57.0	88	65.4	54.6	83	64.2	50.8	79	64.6	50.4	78
Feb	65.6	59.9	92	65.5	57.3	87	63.9	52.9	83	66.8	55.6	83	65.2	51.8	79
Mar	63.6	55.7	87	63.4	53.4	84	62.7	51.2	82	64.3	50.8	79	63.7	49.8	78
Apr	60.2	52.5	88	60.5	50.2	83	60.0	47.5	79	62.7	49.0	78	61.4	46.8	76
May	56.5	47.3	84	58.1	47.3	82	56.7	43.9	77	59.3	44.8	76	59.1	42.7	73
June	51.8	41.5	81	50.0	40.7	79	52.6	38.6	73	53.4	38.1	71	53.8	36.7	68
July	48.7	37.1	76	49.9	38.6	78	50.0	36.0	72	51.2	36.1	71	51.1	32.0	63
Aug	50.7	38.6	76	52.9	40.7	76	52.4	37.7	72	52.6	36.8	70			
Sept	58.2	49.9	86	57.1	44.8	78	57.3	43.2	75	57.4	42.4	74			
Oct	61.6	54.4	88	62.2	53.9	87	62.2	51.6	83	62.7	51.2	82			
Nov	64.1	56.5	88	63.3	54.0	85	62.4	49.7	80	64.3	50.9	79			
Dec	61.7	53.1	86	61.6	50.7	82	61.9	48.9	79	63.0	49.3	78			
Yearly Avg.	58.9	50.4	86	59.1	49.1	83	59.0	46.3	78	60.1	46.3	77			
3 Net AA#	39.1 million households			39.5 Million households			38.0 million households			38.7 million households					

Notes: HUT = Households Using Television
AA = Average Minute Audience (Households)

Source: A.C. Nielsen (NTI)



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CABLE FACTS

Prepared by the Research Department
TELEVISION BUREAU OF ADVERTISING, INC.
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Cable Facts

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Cable Operating Systems and Subscribers

Cable TV started back in 1948. By 1952 the first estimates of the number of systems and subscribers were published by Television Digest. Their estimates through the years have shown a slow but steady growth. Currently there are many estimates available. (see table page 3)

	<u>Operating Systems</u>	<u>Total Subscribers</u>	<u>% of TV Households</u>
1950	---	---	---
1951	---	---	---
1952	70	14,000	0.1
1953	150	30,000	0.1
1954	300	65,000	0.3
1955	400	150,000	0.5
1956	450	300,000	0.9
1957	500	350,000	0.9
1958	525	450,000	1.1
1959	560	550,000	1.3
1960	640	650,000	1.5
1961	700	725,000	1.5
1962	800	850,000	1.7
1963	1,000	950,000	1.9
1964	1,200	1,085,000	2.1
1965	1,325	1,275,000	2.4
1966	1,570	1,575,000	2.9
1967	1,770	2,100,000	3.8
1968	2,000	2,800,000	4.9
1969	2,260	3,600,000	6.2
1970	2,490	4,500,000	7.6
1971	2,639	5,300,000	8.7
1972	2,841	6,000,000	9.6
1973	2,991	7,300,000	11.1
1974	3,158	8,700,000	13.0
1975	3,506	9,800,000	14.3
1976	3,681	10,800,000	15.3
1977	3,832	11,900,000	16.5
1978	3,875	13,000,000	17.6
1979	4,150	14,100,000	19.1
1980	4,225	16,000,000	21.0
1981	4,375	18,300,000	22.9
1982	4,825	21,000,000	25.8
1983	5,600	25,000,000	30.0
1984	6,200	30,000,000	36.4

Source: Television Digest, January 1 each year

Cable TV Penetration Estimates

The estimates of cable penetration range from Cable Vision's 39.0% to Nielsen's NTI sample of 48.8% a spread of almost 10 points.

Television Digest	1/85	NA
Arbitron	5/85	43.7%
Cable Vision (Titsch Comm.)	1/85	39.0%
Paul Kagan Associates	1/85	42.0%
Broadcasting Yearbook	1/85	43.7%

A.C. Nielsen:

Nielsen Co.	2/85	44.6%
NTI sample	3/85	48.8%
NAC sample	3/85	44.9%

Pay Cable Subscribers

About 26% of all TV households have one or more pay cable services. The rate of growth of pay-cable households has slowed considerably since 1983. Pay cable households represent 59% of all cable TV households and that number has actually been showing a decline in recent quarters.

	<u>Pay-Cable Households</u>	<u>% of TV HH</u>	<u>% of Cable HH</u>
1975	140,000	0.2	1.6
1976	470,000	0.7	4.7
1977	980,000	1.4	8.7
1978	1,600,000	2.2	12.8
1979	3,100,000	4.2	22.8
1980	5,200,000	6.8	34.2
1981	8,100,000	10.1	45.5
1982 - Jan	12,600,000	15.5	51.9
Jul	16,160,000	19.4	57.1
Nov	17,420,000	20.9	59.7
1983 - Feb	18,820,000	22.6	60.9
May	19,350,000	23.2	61.2
Jul	19,820,000	23.7	60.2
Nov	20,430,000	24.4	60.3
1984 - Feb	20,840,000	24.9	60.4
May	21,370,000	25.5	60.1
Jul	21,840,000	25.7	60.1
Nov	22,000,000	25.9	59.4
1985 Feb	22,280,000	26.2	59.0

Source: A.C. Nielsen (NTI), 1982-85
TvB estimates, 1975-81, Jan.
each year, based on industry
data

Cable Penetration by Country Size

Even today, cable penetration remains the heaviest in "B" and the more rural "C" and "D" counties. The "A" counties which are made up of the 25 largest markets in the U.S. have only a little more than 1/3 of their homes wired for cable.

	<u>Nov.</u> <u>'82</u>	<u>Feb.</u> <u>'83</u>	<u>May</u> <u>'83</u>	<u>Jul.</u> <u>'83</u>	<u>Nov.</u> <u>'83</u>	<u>Feb.</u> <u>'84</u>	<u>May</u> <u>'84</u>	<u>Jul.</u> <u>'84</u>	<u>Nov.</u> <u>'84</u>	<u>Feb.</u> <u>'85</u>
"A" Counties	25%	27%	28%	29%	30%	32%	33%	34%	35%	36%
"B" Counties	42%	44%	45%	46%	48%	48%	50%	50%	51%	52%
"C"&"D" Counties	43%	45%	46%	47%	47%	47%	48%	48%	48%	49%
Total U.S.	35%	37%	38%	39%	41%	41%	43%	44%	44%	45%

Source: A.C. Nielsen (NSI)

Cable Penetration In The Top 20 Markets

The A.C. Nielsen Co. estimated cable penetration at 44.6% in February 1985. Only four of the top 20 markets surpassed that mark while 7 were below 35%.

Arbitron, with a 42.9% national estimate, showed 4 of the top 20 above that figure while 8 were listed below 35%.

In almost every case the cable penetration in the metro Area was lower than the total market.

<u>DMA Rank</u>	<u>NSI (2/85)</u>		<u>Arbitron (2/85)</u>	
	<u>DMA</u>	<u>METRO</u>	<u>ADI</u>	<u>METRO</u>
1. New York	34.4%	30%	34.1%	30.9%
2. Los Angeles	35.9%	31%	32.8%	29.0%
3. Chicago	25.3%	24%	23.0%	21.8%
4. Philadelphia	45.2%	35%	40.4%	30.9%
5. San Francisco	48.1%	49%	43.7%	43.5%
6. Boston	44.0%	43%	38.2%	36.6%
7. Detroit	32.4%	32%	27.0%	27.1%
8. Washington, D.C.	25.2%	20%	22.0%	17.3%
9. Dallas-Ft. Worth	36.9%	34%	35.7%	33.8%
10. Cleveland	43.1%	37%	41.4%	34.8%
11. Houston	41.6%	41%	42.6%	42.7%
12. Pittsburgh	58.7%	60%	58.2%	61.4%
13. Miami	44.1%	43%	44.7%	35.1%
14. Minneapolis-St. Paul	23.0%	20%	20.2%	15.7%
15. Atlanta	40.9%	41%	36.6%	34.9%
16. Seattle-Tacoma	51.9%	51%	47.4%	45.2%
17. Tampa-St. Petersburg	43.4%	39%	36.9%	34.9%
18. St. Louis	32.2%	32%	30.5%	31.0%
19. Denver	39.2%	34%	35.7%	31.3%
20. Sacramento-Stockton	33.5%	21%	31.2%	16.5%

Cable TV's Projected Growth

It is estimated that the 50% level for cable will not be reached until 1989, two years later than the previous projections. The forecasted growth of pay cable has also been revised downward. Instead of 40 million pay cable households by 1990, the forecast calls for only 30.9 million households by that year.

Keep in mind that about 45% of the home passed by cable do not become subscribers and that, every year, a percentage of subscribers disconnect. Also bear in mind that cable will face stiff competition from other forms of program delivery systems as we approach 1990.

	<u>Cable TV Households</u>	<u>% of TV HH's</u>	<u>Pay TV Households</u>	<u>% of TV HH's</u>
1980	16,023,000	21%	5,341,000	7%
1981	18,672,000	24%	7,780,000	10%
1982	22,596,000	28%	11,804,000	14%
1983	28,200,000	34%	15,898,000	19%
1984	30,300,000	36%	17,877,000	21%
1985	32,994,000	39%	19,764,000	23%
1986	36,120,000	42%	21,672,000	25%
1987	39,510,000	45%	24,101,000	27%
1988	41,971,000	47%	26,022,000	30%
1989	45,500,000	50%	28,665,000	32%
1990	48,256,000	52%	30,883,000	33%

Source: ICR, Cable Information
Service Division, Titsch
Communications
Jan 1st of each year

Cable & TV Ad Volume Projections

While cable ad volume is expected to grow at a fast rate during the 1980's, its size, relative to over-the-air TV ad volume, will remain small. It will represent less than 7% of the total by 1990, and only 7.5% of the total by 1994.

-----In Millions-----

	<u>Cable Ad Volume</u>	<u>TV (Over Air) Ad Volume</u>	<u>Total TV & Cable Ad Volume</u>	<u>% Cable Ad Revenues of Total</u>
1980	\$ 58	\$ 11,416	\$ 11,474	0.5%
1981	122	12,725	12,847	0.9
1982	227	14,479	14,706	1.5
1983	353	16,436	16,789	2.1
1984	546	19,434	19,980	2.7
1985	735	21,280	22,015	3.3
1986	994	24,138	25,132	4.0
1987	1,339	26,956	28,295	4.7
1988	1,744	32,115	33,859	5.2
1989	2,197	35,826	38,023	5.8
1990	2,717	41,132	43,849	6.2
1991	3,268	46,295	49,563	6.6
1992	3,951	53,840	57,791	6.8
1993	4,762	59,673	64,435	7.4
1994	5,500	67,886	73,386	7.5

Sources: Cable Ad Revenues -
Paul Kagan Assoc., Inc.
TV Ad Volume - TvB projections
based on McCann-Erickson.

Cable Systems - A Profile

Most cable systems are small in size. About 75% of them have less than 5,000 subscribers. Only one percent have 50,000 or more. Many of the systems (35%) still have limited channel capacity...less than 13 channels, while the majority of them, 86%, still don't accept local advertising.

Cable Systems By Subscriber Size

	<u># Systems</u>	<u>% of Total Systems</u>	<u>% of Total Subscribers</u>
50,000+	72	1.1%	19.7%
20,000-49,999	271	4.2	27.5
10,000-19,999	412	6.5	19.3
5,000- 9,999	578	9.0	13.6
1,000- 4,999	2,016	31.5	15.9
Under 1,000	2,813	44.0	4.0
NA	238	3.7	-
TOTAL	6,400	100.0%	100.0%

Cable Systems By Channel Capacity

	<u># Systems</u>	<u>% of Total Systems</u>	<u>% of Total Subscribers</u>
54+	275	4.3%	6.3%
30-53	1,999	31.2	51.2
20-29	1,113	17.4	21.1
13-19	298	4.7	2.8
12 & Under	2,259	35.3	17.2
NA	456	7.1	1.4
TOTAL	6,400	100.0%	100.0%

Cable Systems Accepting Local Advertising

	<u># Systems</u>	<u>% of Total</u>
Local Advertising	918	14.3%
No Local Advertising	5,482	85.7
TOTAL	6,400	100.0%

Source: TV & Cable Factbook
March 1, 1984

Time Spent Viewing: On-Air vs. Cable
In The Average TV Household

While time spent viewing cable origination (i.e. CNN, ESPN) has increased it still accounts for only 7 to 8 percent of total viewing. The viewing of pay cable (i.e. HBO, Showtime) has leveled off at about the 5 to 6 percent level. During the passed year between 86% to 88% of all household viewing remains with over-the-air stations.

Avg. Time Spent per Household per Day

	Cable Orig. Viewing	% Total Viewing	Pay Cable Viewing	% Total Viewing	Over-the-Air Television Viewing	% Total Viewing	Total Viewing*
1982 Jan	:10	2	:19	4	7:31	94	7:49
Feb	:10	2	:24	4	7:00	94	7:21
Mar	:12	3	:20	4	6:45	93	7:06
Apr	:12	3	:22	5	6:32	92	6:56
May	:10	3	:22	5	5:53	92	6:17
June	:12	3	:23	6	5:46	91	6:13
July	:12	3	:23	6	5:43	91	6:07
Aug	:12	3	:23	6	5:48	91	6:14
Sept	:12	3	:22	5	6:03	92	6:26
Oct	:13	3	:22	5	6:19	92	6:43
Nov	:14	3	:22	5	6:45	92	7:00
Dec	:14	3	:23	5	6:58	92	7:13
1983 Jan	:17	4	:23	5	7:18	91	7:35
Feb	:19	4	:24	5	7:11	91	7:31
Mar	:20	4	:20	5	6:56	91	7:18
Apr	:20	4	:22	5	6:58	91	7:19
May	:20	5	:20	5	6:20	90	6:40
June	:19	5	:24	6	5:57	89	6:23
July	:20	5	:26	6	5:57	89	6:23
Aug	:20	5	:26	6	5:56	89	6:22
Sept	:22	5	:24	6	6:16	89	6:42
Oct	:22	5	:23	5	6:36	90	6:59
Nov	:24	5	:24	5	7:05	90	7:29
Dec	:27	5	:23	5	7:13	90	7:39
1984 Jan	:29	6	:24	5	7:35	89	8:01
Feb	:27	6	:24	5	7:09	89	7:38
Mar	:29	6	:24	5	7:05	89	7:32
Apr	:29	6	:24	6	6:42	88	7:15
May	:29	6	:24	6	6:10	88	6:45
June	:27	7	:26	6	6:00	87	6:33
July	:29	7	:29	7	5:48	86	6:26
Aug	:27	6	:27	6	6:07	88	6:43
Sept	:29	7	:23	5	6:12	88	6:43
Oct	:32	7	:23	5	6:35	88	7:06
Nov	:32	7	:26	6	6:53	87	7:25
Dec	:32	7	:24	5	6:55	88	7:25
1985 Jan	:35	7	:26	5	7:32	88	8:04
Feb	:36	7	:26	5	7:13	88	7:49
Mar	:35	7	:26	6	6:43	87	7:18
Apr	:35	8	:26	6	6:23	86	7:02

Source: A.C. Nielsen (NTI)

* May be less than the sum of the parts because of simultaneous viewing.

Cable TV - A Status Report.

Television Usage Per Week
By Cable Status of TV Households

Over-the-air stations still dominate the viewing hours, even in pay cable households, where in February 1985, 71% of the time spent viewing was to over-the-air stations.

Note that pay cable households view 8 to 13 hours more per week than their non-cable and basic cable counterparts. While greater channel selection may be a factor, the major reason for the increased viewing appears to be the larger family size and the greater incidence of non-adults in pay cable households.

	Non-Cable (56.4% of TVHH)		Basic Cable (17.7% of TVHH)		Pay Cable (25.9% of TVHH)		TV Households (100.0% TVHH)	
	Wkly Hrs.	Share	Wkly Hrs.	Share	Wkly Hrs.	Share	Wkly Hrs.	Share
Total*	50:14	100	54:37	100	62:50	100	54:46	100
Affiliates**	38:47	77	35:41	65	32:38	52	36:27	67
ABC	12:25	25	11:04	20	10:50	17	11:46	21
CBS	13:58	28	12:43	23	10:23	17	12:46	23
NBC	12:07	24	11:36	21	10:59	17	11:46	21
Indep. Com 'l	11:05	22	12:09	22	14:05	22	12:06	22
Super Sta.	1:30	3	5:17	10	5:40	9	3:22	6
Local	8:58	18	4:23	8	6:20	10	7:24	13
Distant	:37	1	2:29	5	2:04	3	1:21	2
Public	2:19	5	2:01	4	1:36	3	2:01	4
Cable Orig.	-	-	6:52	13	9:49	16	4:12	8
Pay Service	-	-	-	-	9:40	16	3:01	6
	# per HH	Index	# per HH	Index	# per HH	Index	# per HH	Index
Persons	2.54	97	2.40	92	2.95	113	2.62	100
Non-Adults	.60	94	.51	80	.79	123	.64	100

*Sum of the parts exceed the total because of simultaneous viewing.

**Sum of the networks is less than the total because viewing to multi-affiliates is included in the total.

Source: A.C. Nielsen (NTI)
Monthly Cable Status
Report, February '85

Advertiser Expenditures by Cable Network

WTBS, a licensed over-the-air commercial station which extends its coverage area by the use of satellite transmission, accounted for almost half of the cable network advertising revenue as reported by BAR during 1984.

<u>Network</u>	<u>1984</u>	<u>Share</u>
WTBS	\$139,577,200	49.5%
ESPN	60,739,100	21.6
CNN	44,137,500	15.7
USA	37,170,300	13.2
TOTAL	\$281,624,100	100.0%

Source: BAR Cable TV Network
Service

Top 10 Cable Network Advertisers

The Top 10 Cable network advertisers, during 1984, invested 95.7% of their total television budget in over-the-air TV and only 4.3% on cable networks.

Rank	Parent Company	Cable	1984 (In Millions)		Total
			Network	Spot	
1.	The Proctor & Gamble Co.	\$24.2	\$412.7	\$ 239.3	\$676.2
2.	Anheuser-Busch Co., Inc.	15.5	166.4	60.5	242.4
3.	General Food Corp.	13.2	190.2	96.7	300.1
4.	General Mills, Inc.	11.3	116.7	109.2	237.2
5.	Time, Inc.	7.2	12.1	33.1	52.4
6.	Ford Motor Co.	6.9	164.3	40.7	211.9
7.	Bristol-Myers, Inc.	6.2	122.6	17.0	145.8
8.	Toyota Motor Sales Co., Ltd.	5.4	18.5	58.4	82.3
9.	Thompson Medical Co., Inc.	4.5	18.5	9.8	32.8
10.	American Tel. & Tel. Co.	3.5	253.1	17.2	273.8
Top 10 Total		\$97.9	\$1,475.1	\$681.9	\$2,254.9
% of Total		4.3%	65.4%	30.3%	100.0%

Source: BAR

Cable Networks Qualifying For Inclusion
In The Local Market Rating Reports

Starting in November 1981, Arbitron included in their local market rating reports any cable network that achieved a 20% net weekly household cume. Since then 8 cable networks have appeared at one time or another. Four have made the list by appearing in only one of the 200+ markets, while only HBO, CBN & USA have made it to double digits. HBO which has been listed in as many as 36 markets has posted declines in the last two measurement periods.

	# of Markets													
	Nov '81	Feb '82	May '82	July '82	Nov '82	Feb '83	May '83	July '83	Nov '83	Feb '84	May '84	July '84	Nov '84	Feb '85
Cable Networks:														
HBO	10	14	13	14	19	24	21	36	31	33	34	34	30	28
CNN	1	1	2	1	1	2	1	1	2	2	3	4	5	2
ESPN	0	0	0	1	0	1	0	1	0	0	0	0	0	0
CBN	0	0	0	2	1	4	6	4	12	15	8	11	19	21
SIN	0	0	0	1	1	1	1	1	1	1	1	1	1	1
USA	0	0	0	0	0	0	1	0	2	5	8	10	6	12
TMC	0	0	0	0	0	0	0	1	0	0	0	0	0	0
SHOW	0	0	0	0	0	0	0	0	1	1	1	1	1	0

In February 1985, the A.C. Nielsen Co. started including reportable cable networks in their NSI/local market ratings reports. For a cable network to be reportable it must deliver an average 1.0 rating in the 9 a.m.-Midnight (Su.-Sa.) daypart, or an average 1.5 rating in any major daypart. Five cable networks were reported in February 1985, with most of the markets being in the 101+ category. Notable by their absence were ESPN, CNN, and MTV which failed to qualify in a single market.

of Markets - Feb '85

<u>Mkt. Rank</u>	<u>CBN</u>	<u>HBO</u>	<u>SHOW</u>	<u>SIN</u>	<u>USA</u>
1-10	-	-	-	-	-
11-25	-	6	-	-	-
26-50	-	17	1	-	-
51-75	1	17	-	-	-
76-100	2	12	-	-	-
101-150	7	22	2	2	1
151-205	15	25	3	4	3
Total	25	99	3	6	4

Local Cable Channels
Qualifying For Inclusion In The Local Market Rating Reports

The Nielsen Company is currently testing for local cable channel inclusion. To be reported, a local cable channel must achieve a 0.5 average $\frac{1}{4}$ -hour rating in at least two dayparts. To date, no channel has qualified.

The Arbitron Ratings Company tested for local cable channel inclusion for the first time in May 1982. To be reported, a local cable channel must achieve a 3% net weekly circulation. Only two local cable channels have qualified to date, in Tulsa and more recently in San Antonio. It should be noted, however, that if a "local cable channel" uses any programming from any national cable program service (i.e. CNN, ESPN), it is not considered by Arbitron for inclusion.

of Markets with Local Cable Reported

		<u>A.C. Nielsen</u>		<u>Arbitron</u>	
		<u>Any</u>	<u>None</u>	<u>Any</u>	<u>None</u>
1981	Nov.	0	205	-	-
1982	Feb.	0	205	-	-
	May	0	205	1	210
	July	0	205	0	211
	Nov.	0	205	0	210
1983	Feb.	0	205	1	209
	May	0	205	1	209
	July	0	205	1	209
	Nov.	0	205	1	208
1984	Feb.	0	205	1	208
	May	0	205	1	208
	July	0	205	1	209
	Nov.	0	205	1	210
1985	Feb.	0	205	2	209

Mergers and Suspensions in Cable TV

Two years ago every publication in the country seemed to carry a story on the enormous growth potential of cable TV. Today the headlines and stories reflect a more realistic view of cable...and some, more than a dozen listed below, chronicle the failures and attempts to stave off failure.

- Sept 13, 1982 CBS Cable, a cultural service run by CBS Inc., shut down after \$30 million in losses.
- March 31, 1983 The Entertainment Channel, a quality entertainment cable service backed by the RCA Corporation and Rockefeller family funds, closed with \$34 million in losses after nine months in operation.
- June 14, 1983 Cable Health Network, a 24 hour health and science channel, merged with Daytime, a four hour a day channel concerned with self help and family topics. (See update Feb. 1, 1984)
- Sept. 7, 1983 Showtime and The Movie Channel, the second and fourth largest subscription television networks merged.
- Sept. 25, 1983 TV-Cable Week, the ambitious television listing venture of Time Inc., ceased publication after only five months, incurring \$47 million in losses.
- Sept. 30, 1983 TeleFrance USA, the 26 hours per week of bilingual culture fare feed over the Satellite Program Network said "Au revoir", when the service signed off Sept. 30th, due to financial difficulties.
- Oct. 27, 1983. The Satellite News Channel, the 24-hour headline service co-owned by ABC and Westinghouse was shut down after little more than a year in operation and an estimated loss of more than \$40 million after Ted Turner the Atlanta-based cable entrepreneur bought them out.

more....

Mergers and Suspension continued

- Dec. 31, 1983 Time Inc.'s subsidiary Video Development and Information Services after nearly two years of development and testing of its cable-based teletext project closed down because it was felt that the present economics do not warrant launching a commercial teletext service now or in the near future.
- Jan. 13, 1984 The Electronic Home Services, a division of Warner Amex that was exploring the use of cable/telco technology for an enhanced videotex service, was folded by the parent company.
- Jan. 17, 1984 The Qube Network, a nightly satellite feed of interactive programming to six Qube Systems, was suspended by Warner Amex because it was too costly and of too little interest to viewers.
- Jan. 19, 1984 Season Ticket, a regional pay vehicle for Atlantic Coast conference college basketball games, was terminated after only nine cablecasts. The joint venture of ESPN and Raycom was plagued by a rash of court cases and legal decisions in North Carolina.
- Feb. 1, 1984 After a long delay (see 6/14/83) Hearst/ABC's Daytime and Viacom's Cable Health Network merged into the new 24-hour Lifetime Cable Network.
- Feb. 1, 1984 Spotlight, an around-the-clock pay cable movie service managed by Time Mirror Satellite Programming since May, 1981 folded. Spotlight's assets will be acquired by Showtime/The Movie Channel.
- Feb. 1, 1984 The defunct Entertainment channel (see 3/31/83) joins ARTS to become an advertiser and cable system-supported service to be known as the ARTS & Entertainment Network or the A&E Network for short.
- Apr. 30, 1984 Texaco Inc. reached an agreement to sell its controlling stake in the Entertainment and Sports Programming Network, the country's biggest cable television service in number of subscribers, to the American Broadcasting Companies. ESPN has lost about \$100 million since its inception and has yet to turn a profit.

Mergers and Suspension continued

- Jun 28, 1984 Direct Broadcast Satellite (DBS) plans have been abandoned by the CBS Broadcast Group after six months of investigation into the DBS marketplace. Timing and financial risks were sighted as the reasons for not entering at this time.
- Jun 30, 1984 Telefirst, an experiment by ABC Video Enterprises involving in-home recording of entertainment programming, shut down after five months of tests in the Chicago area because of lack of consumer support.
- Aug 22, 1984 "Another Life" a cable soap opera which premiered in June 1981 on CBN has been cancelled because of low ratings and a shortage of advertising revenues.
- Nov 30, 1984 Cable Music Channel, after only 36 days of operating was shut down by the Turner Broadcasting System and "certain assets" of it were sold to MTV Networks, Inc.

Coverage Factors of the Major Cable Networks

Most of the major cable networks showed a two to three point growth in percent of coverage during the last 6 months. The exceptions were the two largest pay cable services, HBO and Showtime, which remained at the same level. HBO and Showtime have shown very little growth during the last 12 months with the very active VCR/Home Movie Rental market the probable reason for the lack of growth.

	1984												1985			
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
CEN	25	26	26	27	28	29	29	30	31	32	32	32	32	33	33	34
CNN	30	31	31	32	33	33	34	35	36	36	37	37	37	38	38	38
ESPN	36	36	36	37	39	39	39	39	40	40	41	41	41	42	41	42
*HBO	23	23	23	24	24	24	24	24	25	25	25	25	25	25	25	25
*Showtime	8	9	9	9	9	9	9	9	10	10	10	10	10	10	10	10
USA	26	27	27	28	29	29	30	31	32	32	33	33	34	35	35	35
MTV	23	23	24	25	26	26	27	28	28	29	29	30	30	30	31	32
Nickelodeon	21	22	22	23	24	24	24	25	26	27	28	29	29	29	29	29
ARTS/Enter	19	19	18	18	19	19	19	19	20	20	21	22	23	23	24	23
Lifetime	-	18	19	19	21	21	22	23	23	24	25	25	25	26	26	27
TWC	13	13	13	13	14	15	15	16	17	18	18	18	19	20	20	21
CNN Headline	-	12	13	13	14	15	15	16	16	17	17	18	18	18	18	18
TNN	16	16	17	18	19	20	21	22	23	24	24	24	25	26	26	27
FNN	-	-	-	-	-	-	-	-	13	13	14	15	16	16	17	17

* Pay Services

Source: A.C. Nielsen (NTI)

(-) = Not available

Prime Time Network Audience Trends During Cable's Growth Years

While the networks lost one share point in 1983, the HUT levels were higher, so the percent of household delivered (AA%) remained the same...46.3%. Because of the growth in TV households the number of homes delivered by the networks actually increased over 1982, at a level almost as high as 1980. However, in 1984 the decline in both average audience and share continued and the increase in TV households was not large enough to offset this decline.

Prime Time : HUT's/3 Networks AA & Share

	1980			1981			1982			1983			1984		
	% HUT	3 Net AA#	3 Net Share	% HUT	3 Net AA#	3 Net Share	% HUT	3 Net AA#	3 Net Share	% HUT	3 Net AA#	3 Net Share	% HUT	3 Net AA#	3 Net Share
Jan	64.6	58.4	90	65.1	57.0	88	65.4	54.6	83	64.2	50.8	79	64.6	50.4	78
Feb	65.6	59.9	92	65.5	57.3	87	63.9	52.9	83	66.8	55.6	83	65.2	51.8	79
Mar	63.6	55.7	87	63.4	53.4	84	62.7	51.2	82	64.3	50.8	79	63.7	49.8	78
Apr	60.2	52.5	88	60.5	50.2	83	60.0	47.5	79	62.7	49.0	78	61.4	46.8	76
May	56.5	47.3	84	58.1	47.3	82	56.7	43.3	77	59.3	44.8	76	59.1	42.7	73
June	51.8	41.5	81	50.0	40.7	79	52.6	38.6	73	53.4	38.1	71	53.8	36.7	68
July	48.7	37.1	76	49.9	38.6	78	50.0	36.0	72	51.2	36.1	71	51.1	32.0	63
Aug	50.7	38.6	76	52.9	40.7	76	52.4	37.7	72	52.6	36.8	70	54.5	37.4	68
Sept	58.2	49.9	86	57.1	44.8	78	57.3	43.2	75	57.4	42.4	74	58.3	42.5	73
Oct	61.6	54.4	88	62.2	53.9	87	62.2	51.6	83	62.7	51.2	82	62.4	49.5	80
Nov	64.1	56.5	88	63.3	54.0	85	62.4	49.7	80	64.3	50.9	79	62.6	47.8	76
Dec	61.7	53.1	86	61.6	50.7	82	61.9	48.9	79	63.0	49.3	78	62.3	47.2	76
Yearly Avg.	58.9	50.4	86	59.1	49.1	83	59.0	46.3	78	60.1	46.3	77	59.9	44.6	74
3 Net AA#	39.1 million households			39.5 Million households			38.0 million households			38.7 million households			37.5 million households		

Notes: HUT = Households Using Television
AA = Average Minute Audience (Households)

Source: A.C. Nielsen (NTI)

Cable Audience Fragmentation By Daypart

No cable network, with the exception of non-commercial HBO, achieves more than a 1.2 rating in any of the major dayparts in cable households. In fact, most of the time the individual cable network ratings are below a one in cable households. These low ratings get even smaller when applied against a total U.S. base.

% TV HOUSEHOLDS VIEWING DURING AVG. MINUTE

	TOTAL CABLE				TOTAL U.S.			
	10 a.m. 4:30 p.m.	4:30 - 7:30 p.m.	8-11 p.m.	11:30 p.m. 1 a.m.	10 a.m.- 4:30 p.m.	4:30 - 7:30 p.m.	8-11 p.m.	11:30 p.m. 1 a.m.
<u>Pay Cable</u>								
HBO	1.0	1.5	3.5	2.4	0.5	0.8	1.7	1.2
All Others	1.1	1.4	2.8	2.4	0.5	0.7	1.4	1.2
<u>Ad-Supported</u>								
CNN	0.7	0.7	0.9	0.3	0.3	0.3	0.4	0.1
CNN-HN	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.0
CEN	0.3	1.2	0.7	0.4	0.1	0.6	0.3	0.2
ESPN	0.4	0.6	1.0	0.5	0.2	0.3	0.5	0.2
Lifetime	0.2	0.2	0.2	0.0	0.1	0.1	0.1	0.0
MTV	0.5	0.9	0.7	0.4	0.2	0.4	0.3	0.2
Nickelodeon	0.6	0.4	N/A	N/A	0.3	0.2	N/A	N/A
TNN	0.1	0.3	0.4	0.3	0.1	0.1	0.2	0.1
USA	0.3	1.2	1.1	0.3	0.2	0.6	0.5	0.2

Source: Nielsen Cable Activity Report
Fourth Quarter 1984